

**OMV Aktiengesellschaft**

Corporate register number: 93363z

ISIN: AT 0000743059

**Report pursuant to section 65 para 1b in conjunction with sections 171 para 1 and 153 para 4 Stock Corporation Act**

The Executive Board of OMV Aktiengesellschaft ("OMV" or "Company") has been authorized by resolution of the Annual General Meeting of the Company held on May 17, 2011, subject to the approval of the Supervisory Board but not to any further resolution of the General Meeting, to dispose of or utilize within five years of the adoption of the resolution, treasury shares in the Company also by other means than via stock exchange or public offering, in particular to satisfy stock options or long-term incentive plans for employees, senior employees and members of the Company's Executive Board or the management boards of its affiliates, or other employee stock ownership plans and for any other legal purpose.

The Executive Board and the Supervisory Board of OMV intend to make use of such authorization and to resolve upon an allocation of up to a maximum of 551,318 treasury shares in the Company under the Long Term Incentive Plan 2010 (LTIP 2010) and under the Matching Share Plan 2012 (MSP 2012) to members of the Executive Board and senior executives of the OMV Group (up to 271,118 for current and former members of the Executive Board and up to 280,200 for other senior executives). The Executive Board and the Supervisory Board of OMV Aktiengesellschaft, represented by the Remuneration Committee, therefore report as follows.

**R E P O R T:****1. Long Term Incentive Plan 2010**

The Long Term Incentive Plan (LTIP) 2010 is a performance-based and long-term compensation instrument for the Executive Board and selected senior executives of OMV Group that shall promote the mid and long-term value creation at OMV and align the interests of the management and shareholders through long-term investments in shares. For the plan eligible were the members of the Executive Board (mandatory participation) and other senior executives of OMV Group (optional participation). The plan also seeks to prevent unnecessary risk-taking. The defined performance criteria must not be amended during the performance period of the plan.

**Personal investment**

The participants were obliged to make the following personal investments in OMV shares: the Chairman of the Executive Board 100%, the Deputy Chairman of the Executive Board 85% and the other Executive Board members 70% of their respective annual gross base salary; the other participating senior executives had to invest, at the discretion of the participant, EUR 15,000, EUR 30,000, EUR 60,000, EUR 90,000 or EUR 120,000 in OMV shares.

The personal investment had to take place in the year 2010. Investments for the LTIP 2009 were also recognized for the LTIP 2010. The participants had to transfer the invested shares to an OMV custodial account or individual custodial account. The invested shares have to be held at least until March 31, 2015 (subject to the withdrawal provisions). The use of all financial instruments, including but not limited to hedges, to lock in the value of participants' investments is prohibited and results in the loss of the entitlement to participate.

Members and former members of the Executive Board made the following personal investments for purposes of the LTIP 2010 (including the personal investments already made under the LTIP 2009 but excluding the personal investment and shareholding requirements under the LTIPs 2011 and 2012):

Gerhard Roiss:	Invested shares: 28,469
David C. Davies:	Invested shares: 20,096
Wolfgang Ruttenstorfer:	Invested shares: 38,278
Werner Auli:	Invested shares: 20,096
Jacobus Huijskes:	Invested shares: 12,136
Helmut Langanger:	Invested shares: 20,096
Manfred Leitner:	Invested shares: 5,742.

### **Plan mechanisms**

In 2010 the participants of the LTIP 2010 were conditionally allocated a defined target number of shares. The target number of such bonus shares has been calculated on the basis of the respective annual gross base salary for members of the Executive Board (the Chairman of the Executive Board was allocated shares equal to the value of 90%, the Deputy Chairman of the Executive Board shares equal to the value of 75% and the other Executive Board members shares equal to the value of 60% of their respective gross base salary). For participating senior executives the value of the target number of shares has been calculated on the basis of the respective personal investment of the participant (90% of the personal investment). The target number of the potential bonus shares has been calculated on the basis of OMV's average closing share price over a 3-month period from January 1, 2010 to March 31, 2010.

Before vesting date, the potential bonus shares are "virtual", i.e. the participants do not hold the shares and have no voting or dividend rights.

As of vesting date, March 31, 2013, the final number of bonus shares will be calculated depending on the achievement of the performance criteria. With respect to each performance criterion, the number of shares to be allocated therefore is calculated pursuant to the respective target achievement. The percentage of the achievement (for each performance criterion 0% to 200%) is multiplied with the number of the shares allocated to the respective performance criterion for such purpose. The total number of shares to be granted to the respective participant shall be the sum of the bonus shares for each performance criterion.

The participants of the LTIP 2010, however, shall receive bonus shares in an amount of at least 25% (minimum) and not more than 175% (maximum) of the total target number of shares allocated to them in 2010.

The performance criteria aiming at sustainable internal and external value creation are:

- 30%: Absolute total shareholder return (TSR)

- 30%: Absolute economic value added (EVA): Cumulative 3-year target.
- 30%: Absolute earnings per share (EPS): Average 3-year target, performance is calculated by comparing the average EPS within the performance period.
- 10%: Absolute safety performance: cumulative 3-year target.

In 2010, the performance targets were set for the performance period (January 1, 2010 until December 31, 2012) and communicated to plan participants. It was not allowed to modify the performance criteria thereafter.

### **Share transfer**

The participants shall receive the bonus either in the form of shares or cash.

Already at the point in time when the participant declares his/her participation in the LTIP 2010, on the basis of an individual agreement a decision was made as to whether the participant will receive the cash equivalent amount of the bonus shares in seven installments to be effected in cash or through a one-off cash payment (after deduction of taxes and duties). Those participants with whom a cash payment in a single amount (installment) was agreed may declare by March 15, 2013 at the latest that they would like to have a transfer of bonus shares (after deduction of taxes and duties) to an individual depot instead of the cash payment. The cash bonus amount will be calculated by using the OMV's closing price at vesting date (March 31, 2013).

If the approval of the Supervisory Board takes place on vesting date or earlier, the share transfer shall be executed on the next business day after the vesting date, otherwise the transfers shall take place at the beginning of the following month but latest three months after the determination of the performance criteria achievement and approval by the Supervisory Board. In the event that cash payments or share transfers are made on the basis of incorrect or false data, the overpayment has to be repaid to the Company.

The participants' personal investment shares must be held until March 31, 2015.

### **Rules for leaving participants**

#### Bad leavers:

- Before the vesting date (March 31, 2013): Unvested bonus shares from the plan shall be forfeited and shares invested by participants shall be retransferred when the participant leaves the Company.
- During the holding period: Shares invested by the participant shall be retransferred when the participant leaves the Company.

#### Good leavers:

- Before the vesting date (March 31, 2013): Unvested plans continue pro rata temporis relative to the entry year followed by the holding period; shares invested by the participant shall be retransferred at the end of the last plan.
- During the holding period: Shares invested by the participant shall be retransferred at the end of the last plan.

#### Retirement, permanent disability:

- Before the vesting date (March 31, 2013): Unvested plans continue pro rata temporis relative to the entry year followed by the holding period; shares invested by the participant shall be retransferred at the end of the last plan.
- During the holding period: Shares invested by the participant which are not required for other unvested plans are retransferred.

#### Death:

- Before the vesting date (March 31, 2013): Unvested plans shall be evaluated and settled in cash per the date of the death, and shares invested by the participant shall be retransferred as soon as possible.
- During the holding period: Shares invested by the participant shall be retransferred as soon as possible.

#### Disposal of the Group company where the participant is employed:

- Before the vesting date (March 13, 2013): Unvested plans continue followed by the holding period, and own investments are retransferred at the end of the last plan.
- During the holding period: Own investments are retransferred at the end of the last plan.

## **2. Matching Share Plan 2012**

### **Plan purpose and objectives**

The Matching Share Plan (MSP) 2012 is, as an integral part of the annual bonus agreement, a long-term compensation and incentive instrument for the Members of the Executive Board that promotes retention and combines the interests of management and shareholders via a long-term investment in restricted shares. The plan also seeks to prevent unnecessary risk-taking. The MSP provides for a partial replacement of the cash bonus with shares which will be used in order to fulfill personal investment and shareholding requirements under the existing and future long term incentive plans until such requirement is fulfilled (see vesting/payout). All shares to be granted under the MSP 2012 will be used to fulfill such personal investment and shareholding requirements under the LTIPs, will be transferred to a trustee deposit account of the Company and will be subject to a holding period.

Based on the resolution of the Annual General Meeting of the Company held on May 10, 2012, for Executive Board members, an award of shares will be made to match 100% of their gross annual cash bonus. The maximum gross annual cash bonus can amount to 100% of the annual gross base salary and is based on the following performance criteria: 40% financial targets, 30% production and growth targets, 10% efficiency targets and 20% sustainability targets.

The shares granted have to be reduced or have to be returned in the case of a claw-back event. Furthermore, if the shares or cash equivalent was based on incorrect calculations of the bonus, the Executive Board members are obligated to return or pay back benefits obtained due to such wrong figures.

The performance criteria defined for the annual bonus must not be amended during the term of the MSP.

### **Plan mechanics**

On determination of the annual cash bonus by the Remuneration Committee of the Supervisory Board, an equivalent matching bonus grant will be made net (after deduction of taxes) in company shares which shall be transferred to a trustee deposit, managed by the company, to be held for three years. Executive Board members who have participated in previous LTIP can choose between cash payment or shares if and to the extent that they have already fulfilled the shareholding requirements for the LTIP 2012 applicable to Executive Board members. Dividends earned from the vested shares are paid out in cash to the Executive Board members.

### **Determination of number of shares**

On determination of the gross annual cash bonus an award of 100% of the gross annual cash bonus earned in the previous year is made in company shares. The number of shares awarded is calculated as follows: The gross annual cash bonus amount is divided by the average closing price for OMV shares at the Vienna Stock Exchange over the three-month period November 1, 2012 – January 31, 2013. The resulting number of shares is rounded down.

### **Effective dates and term**

- Plan start: January 1, 2012 as an integral part of the annual bonus agreement
- Vesting Date: March 31, 2013, subject to Supervisory Board approval
- Holding period (to the extent applicable): 3 years from vesting.

### **Vesting/Pay-out**

If authorization for the share transfer has been given by the Supervisory Board on Vesting Date or earlier, transfer of bonus shares will be executed on the next business day after Vesting Date, otherwise the transfer takes place with the beginning of the next month following the authorization. The company does not cover any share price risk caused by the delay or by transfer.

For Executive Board members with employment as Executive Board members before January 1, 2012 payout shall be as follows: To the extent the shareholding requirement under the LTIP 2012 for Executive Board members is not fulfilled, the payment will, subject to legal restrictions, if any, be automatically made in the form of shares (net after tax deduction) until the requirement is reached. As far as the shareholding requirement is fulfilled, the payout can be made also in cash. The Executive Board members can opt for (i) single payment in shares, or (ii) single payment in cash, or (iii) cash payment in instalments. Executive Board members must make this decision by quarter three of the year the plan starts. If such a decision cannot be taken because of compliance relevant information the payment will automatically be made in cash (single payment).

For Executive Board members whose employment as Executive Board members has started after January 1, 2012 the payout will be made automatically in shares (net after

tax deduction), subject to legal restrictions, if any. After end of the holding period only shares which are not subject to the minimum shareholding requirement under the LTIP for the Executive Board members will be transferred to the Executive Board member.

The delivery of shares or cash payment to the participants is made net after deduction of taxes (payroll tax deduction).

**Leaving Executive Board members**

The rules outlined above for the LTIP 2010 apply, provided that for good leavers and in the case of retirement and permanent disability the vesting of unvested awards remains subject to a decision to be made by the Supervisory Board in its discretion.

**Clawback**

Under the following circumstances, the Supervisory Board may reduce the number of shares vesting under the MSP or may request from the Executive Board members a retransfer of shares or a repayment of cash payments which have been granted or made under the MPS:

- Reopening of audited financial statements due to miscalculation.
- Material failure of risk management which leads to significant damages (like Deep Water Horizon accident, Texas City Refinery accident).
- Serious misconduct of individual Executive Board member which violates Austrian law.

**3. Number of awardable shares**

According to the above mentioned criteria of the LTIP 2010 and the MSP 2012 and the achievements of the performance criteria the maximal number of bonus shares awardable to the current and former members of the Executive Board and other senior executives are as follows:

Gerhard Roiss:	60,205
David C. Davies:	46,651
Wolfgang Ruttenstorfer:	43,691
Werner Auli:	21,846
Hans-Peter Floren:	21,261
Jacobus Huijskes:	36,809
Helmut Langanger:	16,384
Manfred Leitner:	24,271
Other senior executives:	280,200

The numbers of shares mentioned above are gross numbers. The actual number of transferred shares will be a net amount after deduction of taxes and duties and will be published after the transfer on the website of OMV under <http://www.omv.com>.

#### **4. Exclusion of shareholders' opportunity to purchase treasury shares**

As outlined above, OMV treasury shares shall be granted to the members of the Executive Board and other senior executives of OMV Group under the Long Term Incentive Plan 2010 and to Executive Board members under the Matching Share Plan 2012. OMV thereby intends to increase the focus of the participating persons on the long-term company value and their identification with the Company. The LTIP 2010 and the MSP 2012 are performance-based and long-term compensation and incentive instruments which shall promote the mid and long-term value creation at OMV, align the interests of the management and shareholders through long-term investment in shares and minimize risks. For such purpose it is necessary to exclude, in respect of the treasury shares used for the LTIP 2010 and the MSP 2012, the shareholders' opportunity to purchase OMV treasury shares.

The interests of the Company prevail over the shareholders' interest in having an opportunity to purchase OMV treasury shares. Taking into account all circumstances the exclusion of the shareholders' opportunity to purchase treasury shares is necessary, reasonable, appropriate, in the best interest of the Company and therefore objectively justified.

Vienna, March 2013

The Executive Board and the Supervisory Board